

# Corporate insolvencies: June quarter 2018

## Quarterly result

ASIC's quarterly insolvency statistics for the last quarter of the 2018/19 financial year, shows a relative increase from the previous quarter of 12.4% in companies entering external administration (EXAD). Appointments totalled 2,038 compared to 1,813 in the previous quarter. The quarterly total was 7.3% lower than the 2017 June quarter (2,198) (see [Table 1](#)).

The percentage of companies entering EXAD for the quarter, relative to new incorporations, continues to remain below 4%. (see [Chart 5 — Ratio of EXADs to new business registrations](#)).

## Appointment type by State

*Court liquidation appointments (up 109 appointments or 22.4%)*

A rise in court liquidations were mainly attributable to increases in Victoria (up 61.3% or 73 appointments) and New South Wales (up 50 appointments or 37.0%). These were partially offset by a decrease in Western Australia (down 13 appointments or 16.0%).

*Director-initiated winding up appointments (up 133 appointments or 14.5%)*

Rises experienced in all but two regions. The regions with the greatest increase in appointments were Victoria (up 64 appointments or 27.1%), New South Wales (up 26 appointments or 7.9%), Queensland (up 14 appointments or 7.4%), offset by Northern Territory (down 1 appointment or 12.5%) and South Australia (down 4 appointments or 10%).

*Receivership appointments (down 13 appointments or 11.9%)*

A fall in receiverships was mainly attributable to decreases in New South Wales (down 12 appointments or 41.4%), South Australia (down 2 appointments or 33.3%) and Western Australia (down 4 appointments or 22.2%). These were partially offset by a rise in Queensland (up 4 appointments or 15.4%).

*Voluntary administrators (down 16 appointments or by 5.4%)*

Decreases in Western Australia (down 7 appointments or 17.9%), Victoria (down 12 or 13.8%) and New South Wales (down 3 or 3.4%) were partially offset by an increase in Australian Capital Territory (up 1 appointment or 20.0%).

## Regional statistics

Regional statistics in the June quarter saw an increase (up 12.4%) compared to the March 2018 quarter. This was mainly attributable to increases in Victoria (up 131 appointments or 27.9%), New South Wales (up 64 appointments or 11%), a rise in Tasmania (up 7 appointments or 100.0%) and Australian Capital Territory (up 22 appointments or 95.7%) being offset by Western Australia (down 13 appointments or 5.5%).

## Industry statistics

Table 4 summarises ASIC's statistics for the first quarter of the 2018/19 financial year for the top 10 industries in which companies entering external administration operate or formerly operated.

## Tables and charts

**Table 1— Companies entering into EXAD in June quarter 2018**

Month	2017	2018	% change
April	590	619	4.9%
May	792	750	-5.3%
June	816	669	-18.0%
<b>Total</b>	<b>2,198</b>	<b>2,038</b>	<b>-7.3%</b>

**Table 2— Companies entering into EXAD by region (quarterly change)**

State / territory	June Qtr 2017	Mar Qtr 2018	June Qtr 2018	%	% change June Qtr 2017	% change Mar Qtr 2018
NSW	714	580	644	31.6%	-9.8%	11.0%
VIC	649	470	601	29.5%	-7.4%	27.9%
QLD	374	398	409	20.1%	9.4%	2.8%
SA	81	80	82	4.0%	1.2%	2.5%
WA	309	237	224	11.0%	-27.5%	-5.5%
TAS	12	7	14	0.7%	16.7%	100.0%
NT	20	18	19	0.9%	-5.0%	5.6%
ACT	39	23	45	2.2%	15.4%	95.7%
<b>Total</b>	<b>2,198</b>	<b>1,813</b>	<b>2,038</b>	<b>100.0%</b>	<b>-7.3%</b>	<b>12.4%</b>

NB: ASIC notes that a relatively small number of appointments in smaller regions can unduly influence percentage changes.

**Table 3 —Analysis by appointment type – quarter ended June 2018\***

\* excludes: scheme administrator and foreign/RAB wind-ups; and members voluntary liquidation appointments as these relate to solvent entities

Appointment type	June Qtr 2017	Mar Qtr 2018	June Qtr 2018	% change June Qtr 2017	% change Mar Qtr 2018
Court liquidations (1)	634	487	596	-6.0%	22.4%
Creditors' voluntary liquidations	1,098	920	1,053	-4.1%	14.5%
Receiverships (2)	156	109	96	-38.5%	-11.9%
Voluntary administrations	309	295	279	-9.7%	-5.4%
<b>Total</b>	<b>2,197</b>	<b>1,811</b>	<b>2,024</b>	<b>-7.9%</b>	<b>11.8%</b>

(1) includes provisional liquidations

(2) includes receivers, receivers and managers, controllers and managing controllers

(3) excludes Foreign/RAB wind-up

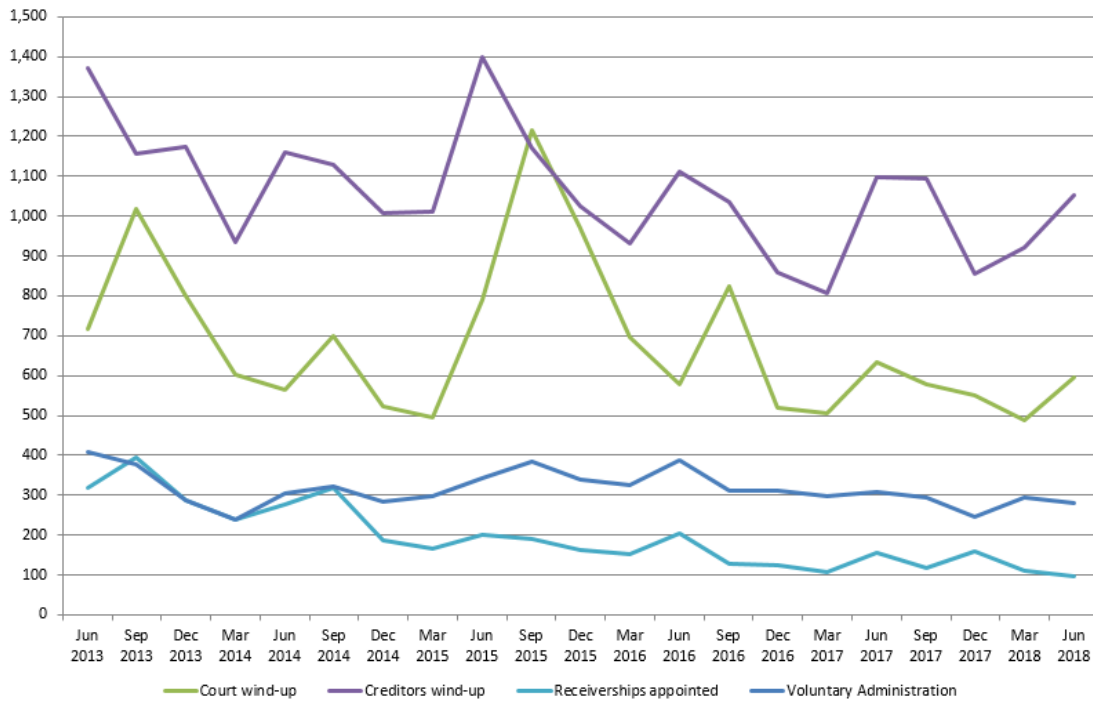
**Table 4 —Analysis by industry type – quarter ended June 2018**

Top 10 Industries	June Qtr 2017	Mar Qtr 2018	June Qtr 2018	% change June Qtr 2017	% change Mar Qtr 2018
Other (business & personal) services	779	661	756	-3.0%	14.4%
Construction	404	309	354	-12.4%	14.6%
Accommodation & food services	227	239	243	7.0%	1.7%
Retail trade	155	140	179	15.5%	27.9%
Transport, postal & warehousing	95	81	96	1.1%	18.5%
Rental, hiring & real estate services	39	29	53	35.9%	82.8%
Manufacturing	65	69	51	-21.5%	-26.1%
Information media & telecommunications	61	28	50	-18.0%	78.6%
Agriculture, forestry & fishing	36	51	34	-5.6%	-33.3%
Wholesale trade	34	23	33	-2.9%	43.5%
Other industries	255	168	175	-31.4%	4.2%
Unknown	48	15	14	-70.8%	-6.7%
<b>Total</b>	<b>2,198</b>	<b>1,813</b>	<b>2,038</b>	<b>-7.3%</b>	<b>12.4%</b>

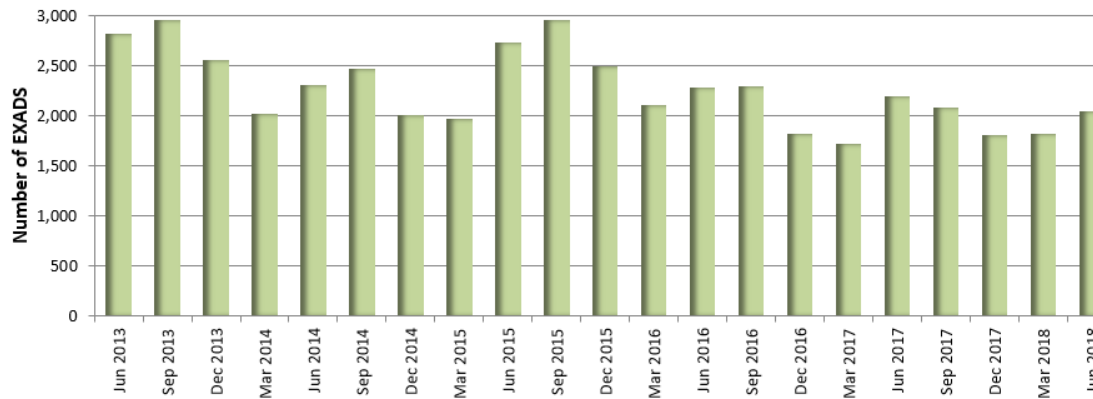
NB: Industry classification information aligns with the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions. Due to ASIC's regulatory role in the financial and insurance services industry, we divided this industry classification into six sub-categories.

Unknown" primarily relates to controller appointments by secured lenders where the appointee lodged a Form 504 and failed to lodge a Form 505, (being the document that captures the industry details).

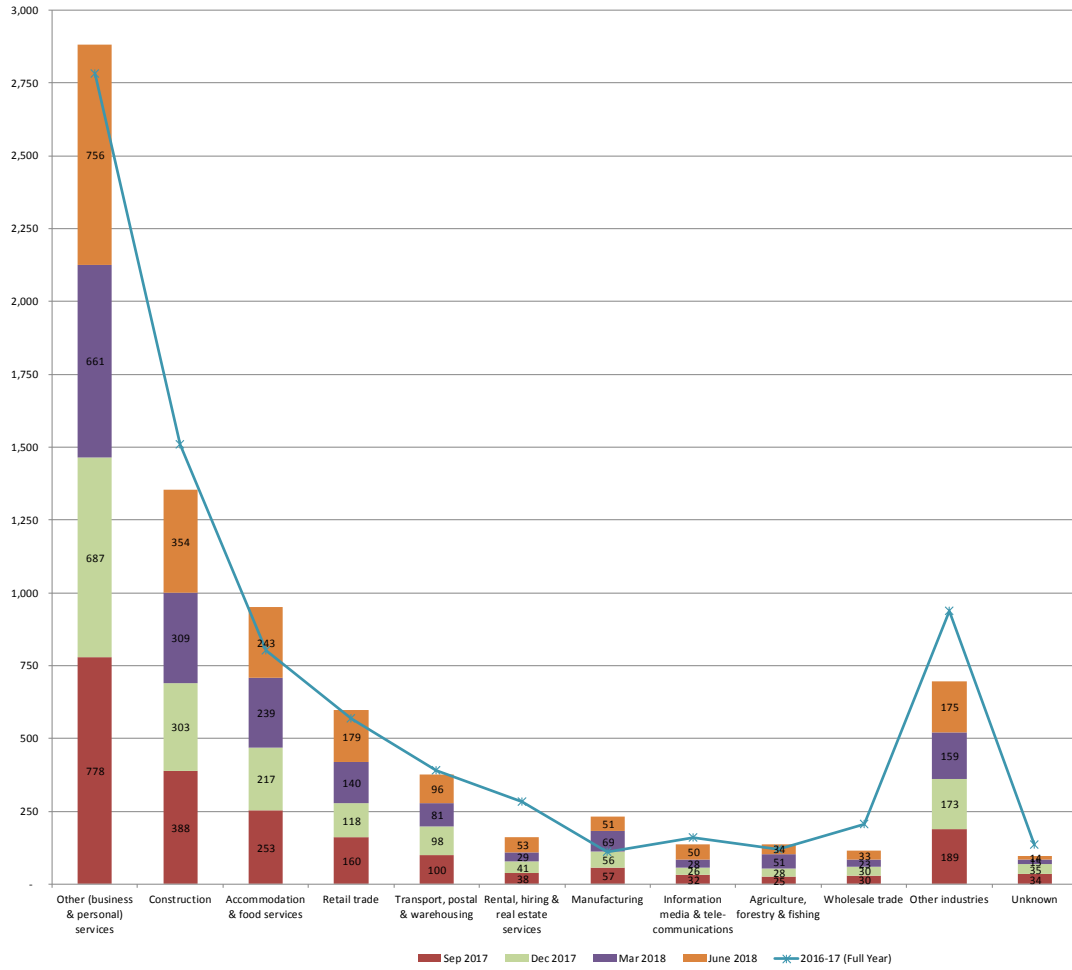
**Chart 1— Companies entering into EXAD by quarter and type of appointment**



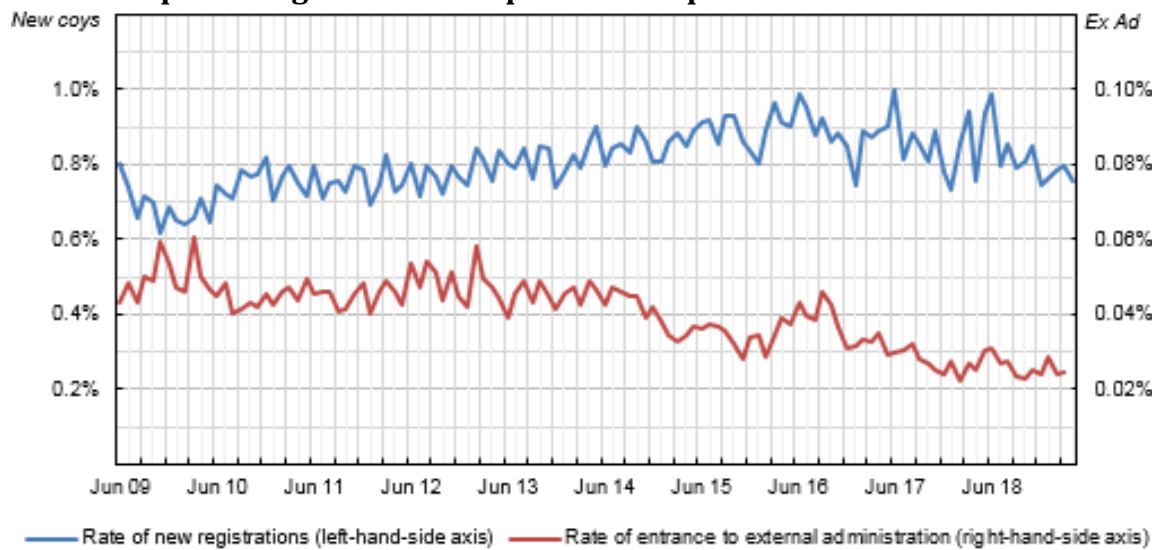
**Chart 2 — Companies entering EXAD by quarter**



**Chart 3 – Companies entering into EXAD by quarter and industry for year to date compared to prior year comparative period**



**Chart 4 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:**



**Chart 5 — Ratio of EXADs to new business registrations:**



## Background

ASIC publishes monthly insolvency statistics (Series 1 and 2) detailing the number and type of corporate insolvency appointments. The law requires external administrators to notify ASIC of their appointments. ASIC records this information on the public register. From 1 July 2013, following an ASIC change to the Form 505 – Notice of Appointment, ASIC commenced recording and reporting industry type from the notice of appointment lodged with ASIC following an external administrator's appointment (Series 1A).